

Message Text

PAGE 01 STATE 103610

15

ORIGIN EB-07

INFO OCT-01 NEA-09 ISO-00 ABF-01 L-02 TRSE-00 CAB-02

CIAE-00 COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00

/029 R

DRAFTED BY EB/AN:WBCOBB:TP

APPROVED BY EB/OA:MHSTYLES

NEA/NS - R. MORLEY

L/EB - P. TRIMBLE

EB/OMA - M. MINNIES

TREAS - M. FIELD

L/T - W. MCQUADE (SUBS)

CAB - J. HORNEMAN

M/FRM/FM - MR. WHITENER

----- 012081

R 030009Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY NEW DELHI

LIMITED OFFICIAL USE STATE 103610

E.O. 11652: N/A

TAGS: EAIR, IN

SUBJECT: CIVAIR: PAN AM DIFFICULTIES IN INDIA

REF: (A) NEW DELHI 5301; (B) NEW DELHI 5803

1. PAN AM IS EVALUATING ALTERNATIVE APPROACHES OUTLINED
IN REFTTEL A BUT HAS NOT YET COME TO ANY FIRM CONCLUSIONS.
THEY WILL ADVISE DEPT WHEN THEY HAVE COMPLETED THEIR
ANALYSIS.

2. WHILE WE RECOGNIZE THAT PROGRESS ON ALL OF THE 11
POINTS IN THE COMPLAINT LIST IS NOT LIKELY, AND THAT
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 STATE 103610

CHANCES OF SUCCESS ON REMITTANCE OF FUNDS ISSUE MIGHT
BE ENHANCED IF WE WERE TO AGREE THAT OTHER ISSUES WILL
BE DROPPED FOR SOME TIME, DEPT AND CAB ARE HESITANT TO
GO THIS ROUTE AT THIS TIME SINCE THERE MAY BE OTHER AVE-

NUES OF OBTAINING SOME RELIEF ON THE REMITTANCE QUESTION. SPECIFICALLY, DEPT HAS RECOMMENDED THAT TREASURY EXPLORE SETTING UP A SYSTEM UNDER WHICH DOLLARS MIGHT BE ADVANCED ON AN INTERIM BASIS IN EQUIVALENT VALUE TO AGENCY PAYMENTS IN RUPEES. AFTER CARRIER CONVERTS RUPEES TO DOLLARS IT WOULD REIMBURSE TREASURY. WE ARE NOT CERTAIN A MECHANISM CAN BE WORKED OUT BUT SO LONG AS WE ARE EXPLORING MEANS OF OBTAINING SOME RESOLUTION THROUGH OUR OWN

CHANNELS IT DOES NOT SEEM ADVISABLE TO INDICATE THAT IF WE COULD SETTLE THIS QUESTION WE WOULD NOT PRESS ON OTHER AVIATION ISSUES. OUR THINKING IS ALSO INFLUENCED BY FACT THAT IN RECENT MONTHS GOI SEEMS TO HAVE MADE SOME PROGRESS IN REDUCING BACK-LOG WHICH IS NOW AT APPROXIMATELY 800,000 DOLLAR LEVEL.

3. DEPT AND CAB ALSO GIVING STUDY TO POSSIBILITY OF DISALLOWING THE GOVERNMENT ORDERED SPECIAL TOURIST FARE.

4. IN SUMMARY, WHILE USG WISHES TO HELP PAN AM WE BELIEVE ISSUES DESERVE FURTHER STUDY. WOULD, HOWEVER, APPRECIATE HAVING EMBASSY'S THOUGHTS AS TO HOW BEST TO PROCEED AS INDICATED IN PARA 6 REFTEL.

5. WE ARE ALSO STUDYING EMBASSY PROPOSAL (NEW DELHI 5803) TO NEGOTIATE TAX AGREEMENT LIMITED TO AIR CARRIER INCOME. WE SEE SOME ADVANTAGES IN BEGINNING NEGOTIATIONS ON LIMITED DOUBLE TAXATION AGREEMENT, BUT WONDER WHETHER SUCH NEGOTIATIONS MIGHT NOT DEFLECT INTEREST ON BOTH SIDES FROM HIGHER PRIORITY OBJECTIVE OF GENERAL DOUBLE TAXATION TREATY. HOWEVER FOR YOUR INFORMATION THERE ARE PRECEDENTS FOR A MORE LIMITED AGREEMENT. WE HAVE SIGNED SUCH AGREEMENTS WITH ARGENTINA, MEXICO, COLOMBIA, ICELAND, AND CHINA. SIMILAR AGREEMENTS ARE BEING CONSIDERED BY SEVERAL OTHER GOVERNMENTS. THE GENERAL PATTERN HAS BEEN TO PROVIDE RELIEF ON THE INCOME FROM OPERATIONS OF BOTH SHIPS AND AIRCRAFT, AND WE WOULD PREFER TO ADHERE TO THE LIMITED OFFICIAL USE LIMITED OFFICIAL USE

PAGE 03 STATE 103610

STANDARD FORM AND COVER BOTH MODES OF TRANSPORT AT THE SAME TIME IF AT ALL POSSIBLE. THE AGREEMENT BETWEEN THE US AND CHINA PROVIDES THE MOST RECENT AND PREFERRED MODEL. IT IS AN EXECUTIVE AGREEMENT WHICH DOES NOT REQUIRE RATIFICATION BY THE US SENATE SINCE IT IS FULLY CONSISTENT WITH EXISTING NATIONAL LEGISLATION.

6. AGREEMENT IF REACHED MAY BE OPERATIVE FOR CURRENT TAX YEAR BUT WE HAVE DIFFICULTY WITH A RETROACTIVE PROVISION.

7. EMBASSY SHOULD NOT REPEAT NOT APPROACH GOI ON

LIMITED TAX TREATY PROPOSAL PENDING INSTRUCTIONS FROM
US. KISSINGER

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRLINES, DISPUTES, TAXES
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAY 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE103610
Document Source: ADS
Document Unique ID: 00
Drafter: EB/AN:WBCOBB:TP
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750156-0025
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197505101/baaaaiqr.tel
Line Count: 113
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 05 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 AUG 2003 by izenbei0>; APPROVED <24 NOV 2003 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> jms 971006
Subject: n/a
TAGS: EAIR, IN
To: NEW DELHI
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006